ISLAMIC UNIVERSITY JOURNAL OF SOCIAL SCIENCES VOL 4, NO 6

ISSN: 2709-2429(Print), 2709-2437(Online)-Published 31st December 2025

Environmental Sustainability And Performance Of Oil&Gas Companies In Nigeria

by
Tolani Agboola HASSAN
Department of Accounting, College of Social and Management Sciences,
Tai Solarin University of Education, Ijagun, Ogun State, Nigeria
234-8034777854
Emai: hassantolani@gmail.com

Abstract

This paper examined environmental sustainability and performance of oil & gas companies in Nigeria. Financial performance (FP) is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. A company's financial performance refers to its health as a whole and the money it makes from its operations. Allocating resources effectively to meet objectives and boost profits is at the heart of this practice. The integrity of Nigeria's oil and gas data relies on it completely. The sustainability of oil and gas in Nigeria is becoming questionable due to environmental factors that were not properly accounted for, and this prompted the researcher of this study to zero in on the effect of corporate social responsibility on the bottom lines of Nigeria's publicly traded oil and gas firms. This study used an ex- post facto method for its research, using data from secondary sources such as annual reports and the Nigerian stock market. Therefore, this paper concludes, based on the data provided, that sustainability reporting significantly affects the company's financial performance for listed oil and gas businesses in Nigeria. Based on the findings of this study, oil and gas companies in Nigeria should make public disclosure of their sustainability efforts a top priority if they want to improve their bottom lines. Compliance in the industry as a whole can be improved if policymakers and standard-setting organizations work together to make it easier for industries to design and execute sector-specific reporting regulations.

Keywords: Environmental, Sustainability, Performance, Oil and Gas firms, Environmental reporting, Sustainability reporting.

Introduction

Business organizations are mainly set up with the motive of satisfying consumers' needs while maximizing profit for the owners. To achieve the objective, organizations involve in a lot of activities that have unintended consequences on the host community and the society at large. Often times, these activities impact negatively on the environment in which they operate (Sahay, 2014). For instance, Niger Delta region of Nigeria has witnessed numerous damages to the economy, environment and social life of the host communities due to operations of oil and gas firms in their locality which have led to enumerable social unrest by the youths.

Considering current environmental crises globally such as global warming, businesses must give more attention to their operating environment to cushion the negative and unintended consequences arising from business operations on the people, planet earth and at the same time balance the needs of other stakeholders. Sustainability reporting has therefore become one of the tools used by reporting companies to report sustainability issues which traditional financial reporting is insufficient and have failed to provide different users of financial information with economic, social and environmental effects of business operational activities (Etale & Otuya, 2020). Sustainability reporting entails economic, environmental, and social and governance disclosure attempts by reporting entities to different users of accounting information especially shareholders, whose funds are used in financing the firm.

According to Global Reporting initiative ([GRI], 2021), “A sustainability report is a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. It presents the organization's values and governance model and demonstrates the link between its strategy and commitments to a sustainable global economy”. It involves more disclosure of non-financial information to different stakeholders, more accountability to internal and external stakeholders and environmental friendly business practices that protect the environment for future generations.

Nevertheless, opponents of sustainability reporting argue that it is capable of taking management of the firm more time and resources which could be deployed to maximize profits for the owners. Even though empirically, studies are yet to determine the benefits accruable from sustainable business practices, a causal relationship between disclosure and financial performance of firms is established in literature (Omesi & Berembo, 2020).

Although, financial information has been used widely for corporate decision-making over the years, it is likely to mislead different stakeholders because traditional financial reporting fails to disclose environmental effects of business operational activities. For reports to reflect the economic reality of a firm’s activities, reporting firms are required to consider not just the interests of management and providers of capital, but the interest of other stakeholders such as its host community should be considered as well (Nugroho & Arjowo, 2019). This is because, other stakeholders may be affected by the firm’s activities hence the need to capture these activities in the firm’s reports to increase its goodwill/corporate image in order to enhance its sustainability.

Literature Review

The debate about sustainability reporting and how it affects firm performance has attracted attention of several accounting researchers from both developed and developing economies. Garg (2015) examines how sustainability reporting influence financial performance of Indian companies from 2008 to 2012. Findings from data analysis of the study show that sustainability reporting negatively and insignificantly affects firm performance in the short run. In contrast, Motwani and Pandya (2016) provide evidence which suggests that sustainability reporting affects financial performance of sampled companies in India positively and significantly.

Similarly, Kasbun, Teh and Ong (2016) found that economic reporting, environmental reporting and social reporting affect positively financial performance of Malaysian public firms. More so, Maletic, Maletic, Dahlgaard, Dahlgaard-Park and Gomiscek (2016) through a survey document evidence that organizational performance is positively influenced by sustainability reporting practices from Germany, Poland, Serbia, Slovenia and Spain. The finding from the study suggests that economic and nonfinancial performance can be improved by sustainability reporting of firms.

Furthermore, Ching, Gerab and Toste (2017) examine how sustainability reporting affect financial performance of listed firms in Brazil but document evidence which suggests financial performance of Brazilian companies is not influenced by sustainability reporting. In another similar study, Asuquo, Dada and Onyeogaziri (2018) investigate the influence of sustainability reporting on financial performance of sampled Nigerian companies from 2012 – 2016. Result from the study shows economic, environmental and social reporting respectively has no significant influence on the financial performance of Nigerian firms.

Also, Al-Dhaimesh and Al Zobi (2019) in a related study, examine the influence of sustainability reporting on financial performance of Jordanian banks from 2013- 2017. Findings from data analysis indicate that economic reporting, environmental reporting and social reporting have a significant influence over financial performance of banks in Jordan. Further breakdown of the result reveals that economic and social reporting positively influence financial performance while environmental reporting affects financial performance negatively.

In another study in Nigeria, Erhinyoja and Marcella (2019) investigate how social sustainability reporting affects financial performance of listed oil and gas companies. The result of regression analysis reveals that financial performance of oil and gas firms is negatively and insignificantly influenced by social sustainability reporting of oil and gas companies from Nigeria.

Conceptual Review

Financial Performance

Financial performance (FP) is a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. The term is also used as a general measure of a firm's overall financial health over a given period. In other words, financial performance (FP) refers to the term used to describe a company's financial gain from investing in a certain business activity. Financial performance is often referred to as the compensation received by an entrepreneur for allocating his resources to a certain business venture. The financial performance (FP) ratio is a measure of how well a business or organization's leaders manage the wealth of its shareholders. The success of the company is assessed using its profitability as a criterion. It is a crucial factor in assessing the management team's efficiency and effectiveness, especially when it comes to how shareholders' investments are used to generate additional wealth as a return on their initial investment. According to Abbas and Olatoro (2018), the notion of FP may be defined as the process of valuing a company's strategy and operations and determining is return on assets (ROA), return on equity (ROE), earnings per share (EPS), and net profit margin.

Companies are often structured with the primary goal of increasing the wealth of their owners. Businesses should place a greater emphasis on meeting the needs of those whose interests are directly or indirectly impacted by modern business practices than just maximizing profits. In most cases, companies aim to increase shareholder wealth while maintaining a healthy profit margin. Nevertheless, these organizations' operations and activities often impact both their immediate surroundings and the broader environment. The concept of sustainability has been gaining traction in many parts of the world since 2010. Some businesses go above and beyond the required reporting of financial performance by disclosing non-financial metrics and initiatives that have a major impact on the company's bottom line. Hence, it is important to keep tabs on the firm's social effects throughout time by collecting and reporting relevant metrics. When it comes to answering stakeholders' questions and easing their concerns, Sustainability Reporting (SR) is required.

Many interactions between locals and oil companies occur throughout exploration, production, and marketing. Companies in the oil industry are under increasing pressure to support the development of the areas around their operations. The World Bank, national Governments, and non-profits have all made similar claims about sustainability's role in alleviating poverty and promoting local growth in recent years. If a business helps the community, it has social sustainability. Maintaining people's political and economic rights is crucial to maintaining stable societies. Some examples are the right to fair and safe working conditions, the right to protect and promote one's own culture, and the right to promote the long-term well- being of all humans. In turn, this might lead to increased trust among the many stakeholders, which in turn would help businesses achieve lower operating expenditures (Abdulsalam, Abdulraham, Garba, Mohammed, & Abubakar, 2020).

Sustainability Reporting

According to GRI (2019), the activity of measuring, revealing, and holding oneself accountable to internal and external stakeholders in order to fulfill the objectives of sustainable development is referred to as sustainable development reporting. Similarly, Umoren and & Ukpong (2022) define sustainability accounting as the sub-branches of accounting that deal with the activities, methods, and systems of the business to record, analyze, and report first the financial effects caused by environmental and social factors and then second the ecological and social effects of a specific economic system." It is not merely a tool to generate reports using the data that has been gathered; rather, it is a way to internalize and strengthen an organization's commitment to sustainable development in a form that can be shown to both internal and external stakeholders. By providing stakeholders with this information, organizations, in the opinion of Akpan & Simeon (2021), inform them of how they are incorporating the concepts of sustainable development into their organizational objectives and day-to-day activities.

Sustainability reporting is one method for collecting data on and monitoring company efforts to relate well with its local environmental and also create good international relationship. Additionally, it may aid companies and organizations with goal-setting, monitoring performance across all elements of sustainable development, and supporting the transformation to a resource-efficient and inclusive green economy (Ho & Taylor, 2007). It is commonly used interchangeably with triple-bottom-line reporting, which Effiong, Oti, and Akpan (2019) characterize as a complete framework for reporting the three performance criteria of firms. Arguments in favour of triple-bottom-line reporting for corporations have amassed. Managers may believe that it is financially beneficial to give back to the society and environment from which they extract economic resources and that the financial benefits from disclosures may offset any costs connected to non- disclosure. Another factor is that companies are more aware that they must account to a wide range of interested parties for how they use the economic, social, and environmental resources entrusted to them (Effiong, Oti, & Akpan, 2019). The board is urged to market the company to the public as one that is socially and environmentally responsible, in accordance with Principle 26 of the Nigerian Code of Corporate Governance. Companies that want to succeed must take on not just economic but also social, environmental, occupational, and community health and safety issues.

The disclosure of an organization's social footprint or influence on society is known as social sustainability disclosure. The focus of social performance indicators is on the effects that businesses have on the communities in which they operate. They also include information on how risks that can result from interactions with other social institutions are controlled and mitigated. The effects of organizations on both living and non-living natural systems must be disclosed, according to Effiong, Oti, and Akpan (2021), as part of environmental sustainability disclosure. Additionally, the input-output mode of an organization's environmental implications is an issue. The consumption of materials is considered an input, while the final product and waste emissions are considered an output. Companies may attempt to change how the public views their activities through environmental communication. Environmental reports, in the words of the European Environmental Agency (EEA 2008), are the main vehicles for company communication on the environment and a fair and credible reflection of the company's environmental activities.

Since employees are so vital to a company's success, it's imperative that they have access to health and safety standards. This is done to make sure that the workplace is secure and that everyone's health is safeguarded. All components of the design and administration of the work system that impact how workers interact with the workplace are collectively referred to as the work environment. However, concerns about employee health and safety have led to calls for businesses to take social responsibility seriously (Effiong, Oti, & Akpan, 2019). Performance is hard to define and much harder to quantify. Actionable metrics that accurately reflect actual organizational performance are provided. Performance measures can be broken down into two broad groups: those that focus on outputs (such as competitiveness or financial performance) and those that focus on inputs (such as quality, flexibility, resource utilization, and innovation). This suggests that the concepts of outcomes and determinants might form the basis for performance evaluation procedures

Sustainability Reporting

Activities of oil and gas companies in the environment make the natural environment sometimes to have a negative effect on the environment. Consumption and the never-ending hunt for resources to meet a rising population's wants are some effects of population growth. Environmental risks are also a major factor in these effects. To find resources for the oil and gas companies, environments were being destroyed. According to Babangida (2019) this damage has led to the loss of freshwater resources, the degradation of natural resources, the thinning of the ozone layer, energy usage, pesticides, hazardous chemicals, nuclear power, and urbanization. There will be a shortage of food and disruptions to economic activity as a result of the effects of global warming, which also include hunger, drought, and floods.

GRI-G4 (Global Reporting Initiatives, 2017) defines sustainability reporting as a tool for evaluating and disclosing organizational long- and short-term economic, social, and environmental performance. This promotes accountability and transparency among various stakeholders and aids the business in managing its operations in an environmentally friendly way. Sustainability reporting is a tactic that pushes management to include the company vision and purpose statement together with the economic, social, and environmental challenges. Corporate social responsibility, corporate governance, green and environmental accounting, ethics, human resource management, and other ideas that are related have all played a significant role in the development of sustainability reporting. In a similar spirit, Orazalin *et al.* (2019), Shafat, and Nasir (2018) claimed that businesses that take a proactive approach to addressing environmental and social issues would, in turn, produce organizational economic benefits over and above their rivals. Reporting on sustainability improved and accelerated the creation of a favorable workplace environment, which ultimately improved health and safety and raised employee morale, which in turn increased productivity. Costs will be decreased, sales turnover will rise, and profitability will grow.

Nigeria's Oil Companies and Corporate Social Responsibility

Sustainability concerns from a wide range of stakeholders depend on the kind of industry. The impact of industrial activity on the economy, society, and environment varies widely between industries, sectors, and even nations. However, the majority of the advantages and disadvantages of economic activity are rather universal across most nations. The present state of globalization is largely to blame, and the oil and gas industry is not an exception. For instance, Nigeria and Saudi Arabia have very different political, social, cultural, economic, and legal systems, yet they share environmental, social, and health issues as a consequence of oil and gas exploration, production, and marketing. According to Ado *et al.* (2016), Aggaarwal (2013), and

Bartels *et al.* (2016), some examples of these problems include oil spills, the social effect of the sector on local people, and macroeconomic challenges brought on by the influx of oil money.

The primary components of the petroleum sector are crude oil and natural gas. Only water outpaces petroleum in terms of global consumable resource production (Momin, 2013). It will be difficult to cease recognizing the worldwide relevance of oil and gas since they are a part of people's everyday lives (Abdulsalam *et al.*, 2020). As a result of the intimate connections between oil and national policies, international politics, and power at the moment (Acti *et al.*, 2013; Beredugo & Sunny, 2014), oil and gas are among the most significant resources in the world. For people, businesses, and the whole country, oil is a huge source of income. "According to Buccina *et al.* (2013), seven of the top twenty Fortune 500 businesses are oil corporations. One of the sectors spearheading the charge for sustainable development has been the oil industry. The extremely visible negative impacts of routine operations, such as oil spills and the ensuing demonstrations by civil society organizations and indigenous people, are at least partially to blame for this.

Environmental Problems in Sustainability Activities

Environmental challenges, which are a crucial component of sustainability efforts, have all made climate change, global warming, and rising energy costs more prominent. Maintaining natural resources, including the atmosphere and minerals, is part of environmental sustainability. The basic resources required to meet human needs are protected. A man should not produce more garbage than the ecosystem can handle, and human consumption should acknowledge and highlight the principles of sustainable development. Depending on a person's occupation or how they utilize it, the idea of environment is seen differently by various individuals (Redclift, 1987). "Scholars have described the idea as natural environment, or environmental capital, which is a stock of natural resources and services such as soil, atmosphere, forests, water, seas, biomass, minerals, fossil fuels, and wetlands (Goodland, 1995). Some people believe that the environment encompasses all aspects of the world around us, including things like food, structures, local street traffic, open spaces, cities, and towns (Wheeler, 2004). According to some academics, the environment is what makes nature unique.

Theoretical Framework

This study's foundation is the stakeholders' theory. This research uses stakeholder theory to investigate and clarify the impact that sustainability reporting practices have on the bottom lines of Nigeria's oil and gas firms. The management team should take into account stakeholder expectations about the organization's activities throughout the strategic planning process. Igbekoyi (2017) argues that stakeholders provide value to businesses via their individual and collective efforts to boost the company's bottom line, reputation, output, and overall sustainability. According to this theory, a company's primary responsibility is to its stakeholders and shareholders alike. Stakeholders are defined as people who are directly or indirectly impacted by the actions of a corporation.

The long-held shareholder theory, proposed by economist Milton Friedman, claims that in a capitalist society, a corporation should solely be concerned with its shareholders and, consequently, its bottom line. This argument contradicts that theory. According to Friedman, companies' primary goals should be to maximize profits for their shareholders and grow their operations. Freeman, however, argued that all interested parties are relevant, saying that they are groups of people because without their financial support, the firm will not survive; thus, all stakeholders are pertinent.

Relevant to this discussion is stakeholder theory, which analyses the interplay between an organization and its internal and external contexts. The purpose of stakeholder theory is to establish which stakeholders are of most significance to a business. Management places a premium on this because they believe that having the backing of key stakeholders is what will determine their success (Rahman & Rahman, 2020). The writers Okafor, Adeusi, and Adeleye (2021) concur, stating that companies should evaluate which interest groups need to be managed in order to accomplish the firm's objectives after identifying their stakeholders.

This concept also implies that firms will need to broaden corporate planning to incorporate non-traditional stakeholders as environmental awareness grows. Since the opinions of stakeholders are increasingly important to a company's public image and bottom line, that company's management of its stakeholder connections sometimes takes the form of voluntary disclosures in annual reports or on the company's website. The argument rests on the premise that stakeholders have a vested interest in the firm and the power to influence its policies, strategies, and daily operations.

Because it is predicated on the idea that stakeholders want businesses to be socially and ecologically responsible, this theory is relevant to this research because it predicts that the market will reward companies for improving their economic, environmental, and social performance, which will in turn increase their value to shareholders. It is common knowledge that a company's investors are among its most important constituencies.

Empirical Review

Several studies have examined how sustainable reporting affects Nigerian listed oil and gas companies' financial performance. Its findings are inconsistent. Contradictory literature inspired this study. According to Akinadewo *et al*. (2023), sustainability reporting impacts the financial performance of Nigerian listed industrial goods businesses. Annual reports and accounts from sample firms were utilized for ex-post facto examination. For variable relationships, panel data analysis and descriptive statistics like mean, standard deviation, minimum, and maximum values were used. Economic sustainability practice has a positive but insignificant link with total asset change (0.569) and a "significant" positive relationship with stock price change (0.034). Financial performance is positively and significantly affected by environmental sustainability practice (change in total asset and stock price with probability values of.025 and.012, respectively), while community involvement sustainability practice is positively and insignificantly affected (0.557 and 0.875). We observed that environmental sustainability reporting affects listed industrial goods companies' financial performance in Nigeria. To boost firm profits, the paper encouraged managers to adopt sustainable techniques.

Sustainable organizations require financial capital, good governance, and workplace practices that reflect present and future stakeholders' environmental and social needs, according to Onoh et al. (2023). Their research examined Nigerian listed oil and gas companies' Tobin's Q value after environmental, social, and economic sustainability reporting. Secondary data from annual reports was examined. Relationships and descriptive matrices are analytical techniques. Repeated regressions tested hypotheses. According to research, listed Nigerian oil and gas businesses benefit from environmental sustainability reporting. Economic sustainability reporting values listed Nigerian oil and gas corporations as less Sales growth and leverage had a negative impact on sustainability reporting and the firm value of Nigerian oil and gas companies, but firm size had a positive impact. The research concluded that sustainability laws appealed to investors and increased firm value. To increase long-term value, oil and gas companies should meet sustainability reporting criteria at 100%, according to the statistics.

Sustainability reporting harmed Nigerian listed oil and gas companies' financial performance from 2012 to 2021, according to Okon *et al.*, (2023) Environmental, health, and safety disclosures determined the return on capital employed. Retrospective research, yearly reports, and Nigeria Exchange Group reports were used. Reliable panel least squares regression assessed the three study hypotheses. According to the study, social, health, and environmental disclosure boost Nigerian oil and gas companies' ROI. Studies have demonstrated that sustainability reporting impacts Nigerian oil and gas companies' ROI. Petroleum companies should require industry-wide sustainability reporting and apply a consistent sustainability index to evaluate compliance.

Omoren and Ukpong (2022) examined corporate sustainability reporting in Nigerian listed enterprises. Corporate attributes included business size, profitability, board size, and board diversity,using ex post facto and content analysis. As of April 2022, Nigerian Exchange Group-listed companies' annual reports provided information. The firm's size, board size, board diversity, and sector exhibited positive and significant connections with sustainability reporting, unlike profitability, which had a negative and insignificant relationship.

Felix and Idowu (2021) offered statistical data from listed South African manufacturing firms. Sustainability reporting and performance by South African enterprises were examined. The data came from 10 listed South African industrial businesses from 2008 to 2017. The analysis used multiple regressions. Based on the study, corporate environmental disclosure positively impacts firm performance, but employee disclosure (ED) has no effect. The study found that adding sustainability reporting to financial statements may raise sales revenue by giving firms a competitive edge.

Akpan and Simeon (2021) examined sustainability disclosures' effects on stockholder cash flow returns in Nigerian oil and gas businesses. Secondary data and ex post facto research were used. Time series and cross- sectional analysis were used to study oil and gas companies listed on the Nigerian Stock Exchange as of December 31, 2020, from 2014 to 2020. Sustainable metrics were collected via content analysis. Listed Nigerian oil and gas companies' cash flow return on investment has a significant positive impact on social sustainability disclosure, but environmental and health disclosure have negligible effects.

For Girón *et al.* (2020), sustainability reporting and enterprises' economic performance in Asia and Africa were examined to see what factors impact the adoption of new sustainability reporting standards and external assurance. We used regression to analyze data from the Orbis and Sustainability Disclosure Databases. Sustainability and company performance are linked.

Three-bottom-line disclosures affected Nigerian oil marketing businesses' shareholders' value added, according to Effiong, Oti, and Akpan (2019). Secondary data came from the NXG Factbook and the yearly reports of the businesses under investigation posted on the Nigeria Exchange Market's trading floor. An ex post facto disclosure checklist followed GRI guidelines. The cash flow returns on investment, market value added, and economic, social, and environmental performance reports of oil and gas marketing companies had a significant impact on these three measures.

Green practices and performance drivers in the Chinese construction sector were examined by Ying, Ronggui, and Tao (2019). The study employed structural equation modelling to validate the recommended relationship. The study found that project team knowledge would help implement environmental practices. Organizational and environmental performance may improve with environmental practices. According to the findings, environmental practices are not necessarily driven by government principles. Due to rapid economic expansion, China's environmental regulations don't address them. According to the research, China should employ all its resources to implement strict green laws, regulations, standards, and recommendations to protect the environment.

Nwaiwu and Oluka (2018) examined how environmental cost disclosure affected Nigerian-listed oil and gas companies. The Nigerian central bank's annual reports and economic reviews provided time-series data. Linear regression and Pearson product-moment correlation were used. After arbitrary effects, environmental cost disclosure did not affect ROA. Environmental cost disclosure affects firms' financial performance and may affect listed oil and gas enterprises' future profitability (ROA). Environmental cost disclosure did not affect ROCE, contrary to conventional models. Ecological cost transparency boosts oil and gas companies' EPS. Companies should practice strong corporate environmental stewardship, according to a study. Separating environmental costs from other expenditures will properly allocate costs and support sustainability metrics. Evaluating environmental expenses may aid in accounting. Additional pollution and greenhouse gas emission data may be needed in accounting. The environmental regulatory authority should be more diligent in declaring environmental cost components separately for effective reporting.

Methodology

The primary purpose of this paper is to carry out an assessment of the current level of sustainability reporting in line with international best practices. The study focused on the six major oil and gas multinationals operating in Nigeria. Data were sourced through content analysis of annual reports (global and local), stand-alone sustainability reporting and other triple line-reporting publications.

The Global Reporting Initiative and the IPIECA oil and gas industry guidance on voluntary sustainability reporting served as the basis for the development of an evaluation method. While the two studies outlined above applied an extensive range of evaluation criteria, this study will only use limited criteria deemed relevant within the Nigerian context. The description of the evaluation criteria are as shown in Table 1.

The following scaling ratings were applied in assessing the degree of reporting in the sample companies.

	Rating/Score
Issue not reported at all	0
Issue reported locally but in general terms	1
Issue reported locally and in specific terms	2
Issue reported globally with no specific mention of Nigeria	3
Issue reported globally and with specific mention of Nigeria	4
Issue reported in both global and local reports	5

Findings

Criterion 1: Organizational Profile, Strategy, Report and Governance

All surveyed multinationals fared well under the above criterion with the exception of Governance. Most multinationals reported extensively on their profile, strategy and reporting parameters. On the issue of strategy, while multinationals established a relationship between companies' strategies and sustainability in their global reports, such was not reported at the local level. 50% of the sampled companies described key impacts risks and opportunities atboth local and global levels, the other 50% only reported same issues only on the global scene. On the issue of the reporting parameters, multinationals only described their reporting cycle both locally and globally but failed to mention the contact person at the local level and their policies with regards to seeking external assurance for the report.

However, in the reporting of governance structure, all companies reported globally but their Nigerian affiliates did not report on key issues like list of stakeholders group, approaches and frequency of engagement; basis for identification and selection of stakeholders with whom to engage as well as key topics and concerns raised and how the organization responded to them.

Criterion 2: Economic Performance Indicators

All surveyed companies reported extensively on their economic performance indicators in both local and global reports but failed on their responsibilities to mention in their local reports policies and / or advocacy programmes for the promotion of transparency of payments to host government. Over the years, the multinationals have been accused by other stakeholders of a lack of transparency in their dealings with the Nigerian government. These criticisms, inter alia, culminated to the introduction of Nigeria Extractive Industries Transparency Initiatives (NEITI) which was meant to promote transparency in the activities of the multinationals in their dealing with the Federal Government.

Criterion 3: Environmental Performance Indicators

All surveyed companies reported environmental performance Indicators in general terms in their global reports but their local affiliates did not make any report on their environmental performance. On spills and discharges, multinationals in their local reports failed to mention the number and volume of hydro carbon spilled and present in regulated discharges to a water environment. On the issue of wastes and residual materials, there was no report on the quantity of hazardous and non-hazardous wastes disposed toxic releases and the total quantity of materials recycled, re-used or reclaimed that would otherwise have been considered as wastes. On emissions issues, international best practices require that individual quantities of emissions by type, total volume of hydrocarbon as both vented and flared to the atmosphere and annual emissions of green house gases reported as total Co_2 equivalent be appropriately accounted for. This requirement was not adhered to by multinationals in their local reports. On resource usage, the multinationals only reported the implementation and coverage of an Environmental management system in both local and global reports while the Quantity of primary energy and fresh water consumed in their operations were only reported globally. On Biodiversity, companies failed to report locally their operations in area of high biodiversity, the impact of their operations on biodiversity and their strategies for managing the impact on biodiversity associate with their activities despite reporting same in their global reports.

Criterion 4: Health and Safety Performance Indicators

While multinationals operations in Nigeria stated the existence and implementation of an occupational health and safety management system, they failed to describe in specific terms the participation of employees in health dialogues, the existence of programmes to understand the general health risks affecting the local force and a description of a system for reporting occupational injuries unto total injury rate, total illness rate, lost time injury rate and fatality rate.

Criterion 5: Social Responsibilities Performance Indicators

Multinationals in their local reports failed on their social responsibility performance Indicators. In respect of human rights, there were neither policies and/or procedure for addressing human rights nor employees training on the issue of human right. There was no report on the number of incidents of discrimination and violation involving rights indigenous people and action taken (if any).In terms of employment practices, while multinationals reported on the availability of a policy for preventing discrimination among employees here was no programme to gauge employees' satisfaction. On the issue of the community, there were no description of processes engaged and address the needs of indigenous communities, resettlement and land rights of impacted communities, management of the positive and negative impacts on communities in areas affected by core business activities, the total number of legal actions against the companies were not reported although the companies made provision for contingent liabilities (for issues like fines, non-compliance with laws and court cases) in their local reports.

Conclusion

The results of the paper's empirical analysis support the idea that sustainability reporting is useful for Nigeria's publicly listed oil and gas firms. In any case, this influence creates positive feedback loops that strengthen the ecosystem overall. Based on these findings, it seems that publicly traded oil and gas companies in Nigeria might benefit from being more transparent about their efforts to improve sustainability. If sustainability reporting is to serve its purpose, information concerning a company's impacts on the environment, economy, and society must be shared freely and honestly. The selected oil and gas firms will lose out if they place profits above people and the planet.

Recommendations

- Companies' sustainability performance may be reported more openly if the government and regulatory agencies provide incentives and encouragement. The fact that reporting compliance is optional may help to explain the low rate observed in petroleum, oil, and many other listed businesses. For the highest possible level of compliance, the Nigerian government should mandate sustainability reporting from oil and gas companies trading on the Nigerian stock exchange.
- There is a need for governments and regulatory bodies to set reporting standards for certain sectors. These suggestions are meant to enhance the credibility of reports by taking into account the particulars of diverse industries. Industry-specific criteria may be helpful for ensuring reliable reporting.
- Since multinationals operating in the Nigerian Oil and Gas sector have-not been adhering to international best practices on the issue of sustainability reporting, this paper recommends a mandatory localized sustainability reporting framework in line with international best practices as practiced in countries like France, Germany and South Africa for companies operating in the Oil and Gas sector of the economy in view of the criticality of the sector to the economic well- being of the Nigerian State.

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